

**TAMA COUNTY**

**Independent Auditors' Reports  
Basic Financial Statements and Supplementary Information  
Schedule of Findings and Questioned Costs**

**June 30, 2007**

# Tama County

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# Tama County

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# Tama County

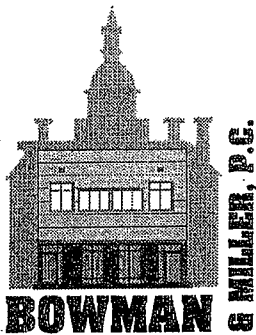
## Officials

(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Sash	Board of Supervisors	January 2009
Patrick Henry	Board of Supervisors	January 2009
Larry Vest	Board of Supervisors	January 2007
John A. Adams (resigned July 7, 2006)	County Auditor	January 2009
Laura Kopsa (appointed July 7, 2006)	County Auditor	January 2009
Sandra K. Fowler	County Treasurer	January 2007
Deborah Kupka	County Recorder	January 2007
Dennis Kucera	County Sheriff	January 2009
Brent D. Heeren	County Attorney	January 2007
Beth Weeks	County Assessor	January 2007

(After January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Sash	Board of Supervisors	January 2009
Patrick Henry	Board of Supervisors	January 2009
Larry Vest	Board of Supervisors	January 2011
Laura Kopsa	County Auditor	January 2009
Sandra K. Fowler	County Treasurer	January 2011
Deborah Kupka	County Recorder	January 2011
Dennis Kucera	County Sheriff	January 2009
Brent D. Heeren	County Attorney	January 2011
Beth Weeks	County Assessor	January 2008



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Independent Auditors' Report

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Tama County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tama County at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2007 on our consideration of Tama County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 19 and 48 through 51 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tama County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bowman and Miller, P.C.*

November 30, 2007

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Tama County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

## 2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 2.8%, or approximately \$437,000 from 2006 to 2007. General revenues increased approximately \$176,000, operating grants and contributions increased approximately \$29,000, however, capital grants and contributions decreased approximately \$245,000 and charges for service decreased approximately \$397,000.
- Program expenses were 11.3%, or approximately \$1,494,000, more in 2007 than in 2006. Roads and transportation expenses increased approximately \$1,920,000 and mental health expenditures decreased approximately \$694,000.
- The County's net assets increased 3%, or approximately \$546,000, from June 30, 2006 to June 30, 2007.

## USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tama County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tama County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tama County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements of the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.



3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statements of the fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The County's combined net increased from \$25.4 million to \$26.3 million. The analysis that follows focuses on the changes in net assets for governmental activities.

#### Net Assets of Governmental Activities (Expressed in Thousands)

	June 30,	
	2007	2006
Current and other assets	\$ 14,082	13,668
Capital assets	20,567	19,989
Total assets	34,649	33,657
Long-term liabilities	411	232
Other liabilities	7,935	7,943
Total liabilities	8,346	8,175
Net assets:		
Invested in capital assets, net of related debt	20,479	19,989
Restricted	4,547	3,873
Unrestricted	1,277	1,620
Total net assets	\$ 26,303	25,482

The net assets of the County's governmental activities increased by three percent (\$25.4 million compared to \$26.3 million). The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,620,000 at June 30, 2006 to approximately \$1,277,000 at the end of this year, a decrease of 21%. The change is due to a decrease in unrestricted revenues primarily relating to tax collections and an increase in expenditures in the county environment and education service area.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 1,380,322	1,777,815
Operating grants and contributions	4,931,622	4,902,242
Capital grants and contributions	1,407,510	1,652,548
General revenues:		
Property tax	6,243,645	6,173,986
Interest and penalty on property tax	85,672	81,165
State tax credits	387,446	424,729
Local option sales tax	536,617	465,352
Unrestricted investment earnings	250,105	180,785
Other general revenues	14,062	15,212
Total revenues	<u>15,237,001</u>	<u>15,673,834</u>
Program expenses:		
Public safety and legal services	2,523,872	2,406,884
Physical health and social services	1,202,319	1,105,088
Mental health	1,684,726	2,378,958
County environment and education	939,373	614,585
Roads and transportation	6,785,758	4,865,810
Governmental services to residents	448,419	409,278
Administration	1,106,072	1,142,205
Non-program	181	273,956
Total expenses	<u>14,690,720</u>	<u>13,196,764</u>
Increase in net assets	<u>\$ 546,281</u>	<u>2,477,070</u>

The County's total revenues decreased 2.8%. The total cost of all programs and services increased by 11.3%. Charges for service decreased due to the law enforcement contract with the Meskwaki Indian Settlement not being renewed for 2007. Roads and transportation expenses increased due to several major road maintenance projects that were done in 2007.

The cost of all governmental activities this year was \$14.7 million compared to \$13.2 million last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$7.2 million because some of the cost was paid by those who directly benefited from the programs (\$1.4 million) or by other governments and organizations that subsidized certain programs with contributions and grants (\$6.3 million). Overall the County's governmental program revenues, including intergovernmental aid and fees for services decreased due to an agreement for law enforcement not being renewed. The County paid the remaining "public benefit" portion of governmental activities with approximately \$6,200,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. General revenues increased due to an increase in local option sales tax and interest on investments. The County Environment and Education Program increased due to expenditures related to the Housing Rehabilitation Grant, which had expenditures totaling \$317,000.

## INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$4.67 million, which is \$187,000 more than last year's total of \$4.48 million. The following are the major reasons for the changes in fund balances from the prior year:

- General Fund's ending fund balance increased approximately \$342,000 due principally to fewer funds being transferred out to the capital projects fund. General fund revenues and expenditures remained consistent when compared to the prior year.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1,694,000, a decrease of 29% from the prior year. The Mental Health Fund balance at year end increased by approximately \$229,000 to approximately \$(286,000). The County is working on decreasing the deficit balance caused by a supported employment project that was not funded by the state as originally planned.
- Secondary Roads Fund revenues remained virtually unchanged from the prior year. Expenditures increased approximately \$698,000 due to several large road maintenance projects. The amount that the County transferred from the Rural Services and General Funds increased by approximately \$114,000. These changes resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$535,000.

There was no significant change in the Capital Projects Fund balance.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Tama County amended its budget once. The amendment was made in June 2007 and resulted in an increase in budgeted disbursements related to mental health expenditures.

The County's receipts were \$1,486,251 less than budgeted, a variance of 9.2%. The most significant variance resulted from the County budgeting \$696,000 for a bridge replacement project that was not let until fiscal year 2007-2008 and \$158,000 budgeted for a contract law enforcement agreement with Meskwaki Indian Settlement that was not done.

Total disbursements were \$3,575,776 less than the amended budget. This was primarily due to the County not charging the departments for health insurance for the month of June and the anticipated capital projects not being done.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### **Capital Assets**

At June 30, 2007, Tama County had approximately \$39 million invested in a broad range of capital assets, including public safety equipment, buildings, and roads and bridges. This amount represents a net increase (including additions and deletions) of approximately \$1,424,000, or 3.8% percent over last year.

Capital Assets of Governmental Activities at Year End  
(Expressed in thousands)

	June 30,	
	2007	2006
Land	\$ 337	337
Construction in progress	-	66
Buildings and improvements	5,320	4,992
Machinery and equipment	7,744	7,514
Infrastructure	25,985	25,053
Totals	<u>\$ 39,386</u>	<u>37,962</u>

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	667
CPC building	328
Financial and accounting software	121
Secondary Road motor graders and truck	335
Roadway construction and bridge replacement	264
Total	<u>\$ 1,715</u>

The County had depreciation expense of \$1,424,279 for the year ended June 30, 2007.

The County's fiscal year 2007 capital budget included funds primarily for the continued upgrading of secondary roads and bridges and the construction of the new CPC building. The County entered into a three year capital lease to finance the new financial and accounting software. The remaining projects will be funded with resources on hand in the County's fund balances. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2007, the County had 410,880 in a capital lease and other debt compared to approximately \$232,095 at June 30, 2006, as shown below.

#### Outstanding Debt of Governmental Activities at Year-End

	June 30,	
	2007	2006
Capital lease purchase agreement	\$ 88,533	-
Termination benefits	-	6,434
Compensated absences	322,347	225,661
Totals	<u>\$ 410,880</u>	<u>232,095</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$35 million limit. Compensated absences include accrued vacation pay. More detailed information about the County's long-term debt is presented in Note 5 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Tama County's elected and appointed officials and citizens considered many factors when setting the 2008 fiscal year budget, tax rates and fees that will be charged for various County activities. The proposed budget for fiscal year 2007 includes some increases above the current budget in both the revenue and expenditure categories.

The County anticipates some improvement in total assessed valuations due to expansion of value-added agricultural enterprises, such as bio diesel and ethanol plants, as well as improved prices of agricultural commodities, which will be reflected in the productivity factor. However, residential rollbacks may off-set some of these increases.

The County continues to seek ways to contain costs by sharing programs and personnel with other counties; and to increase revenues through user fees, grants and contracts rather than solely relying on tax income.

The County's share of total property tax collections is about 20%. The remaining 80% of property tax collections are disbursed to the school districts, community colleges, city governments, townships, extension service, and other entities within the County.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Tama County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Tama County Administration Building, 104 West State Street, P.O. Box 61, Toledo, Iowa, 52342.

Tama County  
Statement of Net Assets  
June 30, 2007

Exhibit A

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 5,868,347
Receivables:	
Property tax:	
Delinquent	12,955
Succeeding year	6,979,199
Interest and penalty on property tax	55,764
Accounts	17,275
Accrued interest	33,202
Due from other governments	567,240
Inventories	547,501
Capital assets (net of accumulated depreciation)	20,567,285
<b>Total assets</b>	<u>34,648,768</u>
<b>Liabilities</b>	
Accounts payable	521,359
Salaries and benefits payable	64,049
Due to other governments	369,964
Deferred revenue:	
Succeeding year property tax	6,979,199
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	27,191
Compensated absences	322,346
Portion due or payable after one year:	
Capital lease purchase agreement	61,342
<b>Total liabilities</b>	<u>8,345,450</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	20,478,752
Restricted for:	
Supplemental levy purposes	1,093,755
Secondary roads purposes	908,957
Capital projects	254
Other purposes	2,544,510
Unrestricted	1,277,090
<b>Total net assets</b>	<u>\$ 26,303,318</u>

Tama County  
Statement of Activities  
Year Ended June 30, 2007

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Service		
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 2,523,872	402,987	36,052	-
Physical health and social services	1,202,319	384,817	379,961	-
Mental health	1,684,726	166,586	1,188,465	216,178
County environment and education	939,373	48,607	54,114	320,412
Roads and transportation	6,785,758	29,315	3,272,619	870,083
Governmental services to residents	448,419	225,576	411	837
Administration	1,106,072	38,676	-	-
Non-program	181	83,758	-	-
Total	<u>\$ 14,690,720</u>	<u>1,380,322</u>	<u>4,931,622</u>	<u>1,407,510</u>

**General Revenues:**

Property and other county tax levied for:

General purposes

Interest and penalty on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on sale of property and equipment

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

---

Net (Expense)  
Revenue and Changes  
in Net Assets

---

(2,084,833)

(437,541)

(113,497)

(516,240)

(2,613,741)

(221,595)

(1,067,396)

83,577

(6,971,266)

6,243,645

85,672

387,446

536,617

250,105

4,120

9,942

7,517,547

546,281

25,757,037

\$ 26,303,318



Tama County  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 2,576,255	75,669	457,758	533,712
Receivables:				
Property tax:				
Delinquent	10,197	1,350	1,408	-
Succeeding year	4,591,792	568,799	1,818,608	-
Interest and penalty on property tax	55,764	-	-	-
Accounts	16,604	585	-	86
Accrued interest	7,225	-	-	-
Due from other governments	169,912	23,914	76,526	296,888
Inventories	-	-	-	547,501
<b>Total assets</b>	<b>\$ 7,427,749</b>	<b>670,317</b>	<b>2,354,300</b>	<b>1,378,187</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 57,178	21,724	747	248,651
Salaries and benefits payable	29,165	2,547	3,847	28,490
Due to other governments	7,296	362,264	-	404
Deferred revenue:				
Succeeding year property tax	4,591,792	568,799	1,818,608	-
Other	62,859	1,004	466	-
Total liabilities	4,748,290	956,338	1,823,668	277,545
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,093,755	-	-	-
Unreserved, reported in:				
General fund	1,585,704	-	-	-
Special revenue funds	-	(286,021)	530,632	1,100,642
Capital projects fund	-	-	-	-
Total fund balances	2,679,459	(286,021)	530,632	1,100,642
<b>Total liabilities and fund balances</b>	<b>\$ 7,427,749</b>	<b>670,317</b>	<b>2,354,300</b>	<b>1,378,187</b>

Capital Projects	Nonmajor Special Revenue	Total
254	648,309	4,291,957
-	-	12,955
-	-	6,979,199
-	-	55,764
-	-	17,275
-	-	7,225
-	-	567,240
-	-	547,501
254	648,309	12,479,116

-	1,013	329,313
-	-	64,049
-	-	369,964
-	-	6,979,199
-	-	64,329
-	1,013	7,806,854

-	-	1,093,755
-	-	1,585,704
-	647,296	1,992,549
254	-	254
254	647,296	4,672,262
254	648,309	12,479,116

Tama County  
 Reconciliation of the Balance Sheet -  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2007

Total governmental fund balances (page 24) \$ 4,672,262

*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$39,385,688 and the accumulated depreciation is \$18,818,403. 20,567,285

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 64,329

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets. 1,410,321

Long-term liabilities, including capital lease purchase agreements payable and compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds. (410,879)

Net assets of governmental activities (page 20) \$ 26,303,318

Tama County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2007

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,042,480	535,218	2,202,002	-
Interest and penalty on property tax	66,062	-	-	-
Intergovernmental	1,515,237	1,383,483	104,273	3,475,149
Licenses and permits	11,300	-	-	2,215
Charges for service	489,808	4,680	-	-
Use of money and property	267,605	-	-	-
Miscellaneous	9,942	-	-	27,100
Total revenues	6,402,434	1,923,381	2,306,275	3,504,464
Expenditures:				
Operating:				
Public safety and legal services	2,382,377	-	24,316	-
Physical health and social services	1,202,218	-	-	-
Mental health	-	1,694,136	-	-
County environment and education	729,773	-	88,780	-
Roads and transportation	-	-	485,748	5,404,212
Governmental services to residents	425,076	-	4,084	-
Administration	1,154,227	-	-	-
Non-program	181	-	-	-
Capital projects	63,077	-	-	265,267
Total expenditures	5,956,929	1,694,136	602,928	5,669,479
Excess (deficiency) of revenues over (under) expenditures	445,505	229,245	1,703,347	(2,165,015)
Other financing sources (uses):				
Sale of capital assets	-	-	-	23,870
Operating transfers in	-	-	-	1,605,635
Operating transfers out	(191,663)	-	(1,487,881)	-
Capital lease purchase agreement	88,533	-	-	-
Total other financing sources (uses)	(103,130)	-	(1,487,881)	1,629,505
Net change in fund balances	342,375	229,245	215,466	(535,510)
Fund balances beginning of year	2,337,084	(515,266)	315,166	1,636,152
Fund balances end of year	\$ 2,679,459	(286,021)	530,632	1,100,642

See notes to financial statements.

Capital Projects	Nonmajor Special Revenue	Total
-	-	6,779,700
-	-	66,062
213,797	62,772	6,754,711
-	-	13,515
-	3,836	498,324
-	32,742	300,347
2,381	9,316	48,739
216,178	108,666	14,461,398
-	124,873	2,531,566
-	-	1,202,218
-	-	1,694,136
-	6,698	825,251
-	-	5,889,960
-	681	429,841
-	17,762	1,171,989
-	-	181
251,022	61,883	641,249
251,022	211,897	14,386,391
(34,844)	(103,231)	75,007
-	-	23,870
42,062	31,847	1,679,544
-	-	(1,679,544)
-	-	88,533
42,062	31,847	112,403
7,218	(71,384)	187,410
(6,964)	718,680	4,484,852
254	647,296	4,672,262

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2007

Net change in fund balances - Total governmental funds (page 27) \$ 187,410

*Amounts reported for governmental activities in the Statement of  
Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,055,759	
Capital assets contributed by the Iowa Department of Transportation	667,553	
Depreciation expense	<u>(1,424,279)</u>	299,033

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 4,120

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	20,172
--------------	--------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. (88,533)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(96,685)	
Termination benefits	<u>6,434</u>	(90,251)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 214,330

Change in net assets of governmental activities (page 22) \$ 546,281

Tama County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2007

Exhibit G

	<u>Internal Service- Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,576,390
Accrued interest	<u>25,977</u>
Total assets	1,602,367
 <b>Liabilities</b>	
Accounts payable	<u>192,046</u>
 <b>Net Assets</b>	
Unrestricted	<u><u>\$ 1,410,321</u></u>

Tama County  
Statement of Revenues, Expenses and Changes  
in Fund Net Assets  
Proprietary Fund  
Year Ended June 30, 2007

	<u>Internal Service- Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,612,846
Reimbursements from others	22,876
Insurance reimbursements	<u>6,511</u>
Total operating revenues	1,642,233
Operating expenses:	
Medical claims	1,292,991
Insurance premiums	179,461
Administrative fees	<u>39,208</u>
Total operating expenses	1,511,660
Operating income	130,573
Non-operating revenues:	
Interest income	<u>83,757</u>
Net income	214,330
Net assets beginning of year	<u>1,195,991</u>
Net assets end of year	<u><u>\$ 1,410,321</u></u>



Tama County  
Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2007

Exhibit I

	<u>Internal Service- Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,612,846
Cash received from employees and others	22,876
Cash received from insurance reimbursements	6,511
Cash paid to suppliers for services	<u>(1,485,292)</u>
Net cash provided by operating activities	156,941
Cash flows from investing activities:	
Interest on investments	<u>57,780</u>
Net increase in cash and cash equivalents	214,721
Cash and cash equivalents at beginning of year	<u>1,361,669</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,576,390</u></u>
 <b>Reconciliations of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 130,573
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>26,368</u>
Net cash provided by operating activities	<u><u>\$ 156,941</u></u>

Tama County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2007

**Assets**

## Cash and pooled investments:

County Treasurer

\$ 1,649,103

Other County officials

11,774

## Receivables:

Property tax:

Delinquent

43,273

Succeeding year

14,108,090

Accounts

49,863

Due from other governments

11,207

**Total assets**15,873,310**Liabilities**

Accounts payable

359,521

Salaries and benefits payable

8,068

Due to other governments

15,411,935

Trusts payable

68,524

Compensated absences

25,262

**Total liabilities**15,873,310

Net assets

\$ -

Tama County  
Notes to Financial Statements  
June 30, 2007

(1) **Summary of Significant Accounting Policies**

Tama County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Tama County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Tama County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Drainage District #3 has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Tama County Board of Supervisors. This drainage district is reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported in an agency fund. Financial information of the individual drainage districts can be obtained from the Tama County Auditor's office.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) **Summary of Significant Accounting Policies (continued)**

A. Reporting Entity (continued)

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Tama County Assessor's Conference Board, Tama County Joint E-911 Service Board, Tama County Economic Development Commission and Tama County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Heartland Risk Pool Insurance, Tama County Solid Waste Disposal Commission, County Case Management Services, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Central Iowa Juvenile Detention Center and Region VI Planning Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation (continued)

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and termination benefits are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertibly to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2006.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000



Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	20 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	5 – 20
Vehicles	7 – 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(1) **Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities and Fund Equity (continued)

Long-Term Liabilities – In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements in certain departments exceeded the amounts appropriated.

(2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,1671,885 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(2) Cash and Pooled Investments (continued)

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Capital Projects	General	\$ 42,062
Special Revenue: Vehicle Replacement/Computer Maintenance	General	31,676
Special Revenue: Tama County Nature Center	General	171
Special Revenue: Secondary Roads	General	117,754
	Special Revenue: Rural Services	<u>1,487,881</u>
		<u>\$ 1,679,544</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(4) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 336,889	-	-	336,889
Construction in progress	66,538	-	66,538	-
Total capital assets not being depreciated	403,427	-	66,538	336,889
Capital assets being depreciated:				
Buildings	4,991,883	327,819	-	5,319,702
Equipment and vehicles	7,514,219	580,496	350,306	7,744,409
Infrastructure, road network	25,052,767	931,921	-	25,984,688
Total capital assets being depreciated	37,558,869	1,840,236	350,306	39,048,799
Less accumulated depreciation for:				
Buildings	1,802,813	105,350	-	1,908,163
Equipment and vehicles	4,322,500	503,042	304,040	4,521,502
Infrastructure, road network	11,572,851	815,887	-	12,388,738
Total accumulated depreciation	17,698,164	1,424,279	304,040	18,818,403
Total capital assets being depreciated, net	19,860,705	415,957	46,266	20,230,396
Governmental activities capital assets, net	\$ 20,264,132	415,957	112,804	20,567,285

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 66,452
Physical health and social services	16,430
Mental health	4,917
County environment and education	27,182
Roads and transportation	1,243,341
Governmental services to residents	22,306
Administration	43,651
Total depreciation expense - governmental activities	\$ 1,424,279

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Capital Lease Purchase Agreements	Termination Benefits	Compensated Absences	Total
Balance beginning of year	\$ -	6,434	225,661	232,095
Increases	121,333	-	99,978	221,312
Decreases	32,800	6,434	3,293	42,527
Balance end of year	\$ 88,533	-	322,346	410,879
Due within one year	\$ 27,191	-	322,346	349,537

Capital Lease Purchase Agreements

The County has entered into a capital lease purchase agreement to lease new financial and administrative accounting software with an historical cost of \$121,333. The following is a schedule of the future minimum lease payments, including interest at an interest rate of 8.3% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2007:

Year Ending June 30,	Financial and Administrative Accounting Software
2008	\$ 34,544
2009	34,544
2010	34,544
Total minimum lease payments	103,632
Less amount representing interest	15,099
Present value of net minimum lease payments	\$ 88,533

Payments under the capital lease purchase agreement totaled \$32,800 for the year ended June 30, 2007.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

**(6) Operating Leases**

The County has entered into two operating leases for office copy machines. These leases expire at various times through July 1, 2012. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year Ending June 30,	Annual Rent Due
2008	\$ 6,447
2009	6,447
2010	1,122
2011	1,122
2012	1,122
Total	<u>\$ 16,260</u>

The total annual lease costs for the year ended June 30, 2007 were \$6,567.

**(7) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	<u>\$ 7,296</u>
Special Revenue:		
Secondary Roads	Services	404
Mental Health	Services	<u>362,264</u>
		<u>362,668</u>
Total for governmental funds		<u>\$ 369,964</u>
Agency:		
County Assessor	Collections	\$ 575,693
Schools		9,297,256
Community Colleges		1,041,201
Corporations		3,387,949
Townships		260,161
Auto License and Use Tax		300,791
B-911		151,822
Emergency Management Services		179,935
All other		<u>217,127</u>
Total for agency funds		<u>\$ 15,411,935</u>

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

**(8) Tama County Employee Group Health Fund**

The Internal Service, Tama County Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Lockton Benefits, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$32,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Tama County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Gallagher Benefits, Inc. from the Tama County Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2007 was \$1,612,846.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$192,046, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,410,321 at June 30, 2007 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims as of July 1, 2006	<u>\$ 165,678</u>
Incurred claims (including claims incurred but not reported as of June 30, 2007)	1,292,991
Payments on claims during the fiscal year	<u>1,266,623</u>
Unpaid claims at June 30, 2007	<u>\$ 192,046</u>

**(9) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

**(9) Pension and Retirement Benefits (continued)**

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$292,624, \$290,243 and \$279,999, respectively, equal to the required contributions for each year.

**(10) Risk Management**

Tama County is a member in the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (Pool) is a local government risk-sharing pool with ten counties as members. The Pool was formed July 1, 1987 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, law enforcement liability, property, inland marine and workers' compensation. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were \$323,608.

The pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains automobile and general liability risks in excess of \$250,000 up to \$1,000,000 per claim. The Pool retains workers' compensation risks in excess of \$350,000 up to \$1,000,000 per claim. Automobile and general liability claims exceeding \$1,000,000 are reinsured in an amount not to exceed \$3,000,000 per claim. Workers' compensation claims exceeding \$1,000,000 are reinsured in an amount not to exceed \$2,000,000. Crime lines of business risks are retained by the Pool up to \$25,000 per occurrence. Automobile physical damage risks are retained by the Pool up to the replacement cost of the vehicle. All property, inland marine, boiler, public officials errors and omissions, business income and expense and law enforcement liability risks are also reinsured on an individual member basis.



Tama County  
Notes to Financial Statements (Continued)  
June 30, 2007

**(10) Risk Management (continued)**

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total member's equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Tama County commenced July 1, 1987 and is subject to renewal every three years. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one year period following withdrawal and the member's proportionate share of any capital deficiency.

**(11) Contingent Liability**

During the year ended June 30, 1994, an underground storage tank investigation classified three former underground storage tank sites in Tama County as high risk, requiring the County to submit plans for remedial action to the Iowa Department of Natural Resources. The County is currently contesting the high risk classification for two of the three sites. The County estimates the costs to remediate the sites under the proposed plans to be approximately \$75,000 per site. As a result, a liability for \$150,000 has been recorded in accounts payable in the Secondary Roads Fund at June 30, 2007.

The environmental impact of the sites is currently unknown and the potential liability, if any, for additional costs associated with the sites is indeterminable.

**(12) Deficit Balance**

The Mental Health Fund had a deficit balance of \$286,021 at June 30, 2007. The deficit balance was a result of losses sustained in the Supported Employment Program. The deficit will be eliminated through budget cuts and allowable growth funds.

## Required Supplementary Information

Tama County  
 Budgetary Comparison Schedule of  
 Receipts, Disbursements and Changes in Balances -  
 Budget and Actual (Cash Basis) - All Governmental Funds  
 Required Supplementary Information  
 Year Ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 6,777,152	-
Interest and penalty on property tax	66,516	-
Intergovernmental	6,685,520	-
Licenses and permits	13,210	-
Charges for services	593,446	-
Use of money and property	347,064	-
Miscellaneous	49,137	-
Total receipts	<u>14,532,045</u>	<u>-</u>
Disbursements:		
Public safety and legal services	2,547,154	-
Physical health and social services	1,201,624	-
Mental health	2,003,293	-
County environment and education	801,222	-
Roads and transportation	5,645,932	-
Governmental services to residents	441,200	-
Administration	1,091,800	-
Non-program	181	-
Capital projects	862,003	-
Total disbursements	<u>14,594,409</u>	<u>-</u>
(Deficiency) of receipts (under) disbursements	(62,364)	-
Other financing sources, net	<u>23,870</u>	<u>-</u>
(Deficiency) of receipts and other financing sources (under) disbursements and other financing uses	(38,494)	-
Balance beginning of year	<u>4,330,451</u>	<u>859</u>
Balance end of year	<u>\$ 4,291,957</u>	<u>859</u>

Net	Budgeted Amounts		Final to
	Original	Final	Net Variance
6,777,152	6,805,187	6,805,187	(28,035)
66,516	60,000	60,000	6,516
6,685,520	7,425,735	7,795,871	(1,110,351)
13,210	14,088	14,088	(878)
593,446	472,417	472,417	121,029
347,064	112,250	112,250	234,814
49,137	758,483	758,483	(709,346)
14,532,045	15,648,160	16,018,296	(1,486,251)
2,547,154	2,818,982	2,818,982	271,828
1,201,624	1,243,900	1,314,036	112,412
2,003,293	1,765,549	2,065,549	62,256
801,222	1,029,428	1,029,428	228,206
5,645,932	5,922,666	5,922,666	276,734
441,200	514,697	514,697	73,497
1,091,800	1,250,395	1,250,395	158,595
181	13,000	13,000	12,819
862,003	3,241,432	3,241,432	2,379,429
14,594,409	17,800,049	18,170,185	3,575,776
(62,364)	(2,151,889)	(2,151,889)	2,089,525
23,870	137,500	137,500	(113,630)
(38,494)	(2,014,389)	(2,014,389)	1,975,895
4,329,592	3,916,386	3,649,522	680,070
4,291,098	1,901,997	1,635,133	2,655,965

Tama County  
 Budgetary Comparison Schedule -  
 Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year Ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,532,045	(70,647)	14,461,398
Expenditures	14,594,409	(208,018)	14,386,391
Net	(62,364)	137,371	75,007
Other financing sources, net	23,870	88,533	112,403
Beginning fund balances	4,330,451	154,401	4,484,852
Ending fund balances	\$ 4,291,957	380,305	4,672,262

Tama County  
Notes to Required Supplementary Information-  
Budgetary Reporting  
June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$370,136. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2007, disbursements in certain departments exceeded the amounts appropriated.

## Other Supplementary Information

Tama County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

	Resource Enhancement and Protection	Vehicle Replacement / Computer Maintenance	Medicaid Reimburse- ment	Land Acquisition and Development Fund
<b>Assets</b>				
Cash and pooled investments	\$ 113,022	45,633	21,720	233,664
<b>Total assets</b>	<b>\$ 113,022</b>	<b>45,633</b>	<b>21,720</b>	<b>233,664</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Fund balances:				
Unreserved	113,022	45,633	21,720	233,664
<b>Total liabilities and fund balances</b>	<b>\$ 113,022</b>	<b>45,633</b>	<b>21,720</b>	<b>233,664</b>



Tama County Nature Center	Security Services	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Sheriff's DARE Monies	County Attorney's Forfeiture Fund	Drainage District	Total
100,974	67,976	44,409	12,351	4,204	3,497	859	648,309
100,974	67,976	44,409	12,351	4,204	3,497	859	648,309
120	893	-	-	-	-	-	1,013
100,854	67,083	44,409	12,351	4,204	3,497	859	647,296
100,974	67,976	44,409	12,351	4,204	3,497	859	648,309

Tama County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2007

	Resource Enhancement and Protection	Vehicle Replacement / Computer Maintenance	Medicaid Reimburse- ment	Land Acquisition and Development Fund
Revenues:				
Intergovernmental	\$ 13,926	-	-	13,750
Charges for service	-	-	-	-
Use of money and property	4,132	-	-	19,184
Miscellaneous	-	-	-	-
Total revenues	18,058	-	-	32,934
Expenditures:				
Operating:				
Public safety	-	19,300	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	509	-	-
Administration	-	17,762	-	-
Capital projects	-	28,683	-	33,200
Total expenditures	-	66,254	-	33,200
Excess (deficiency) of revenues over (under) expenditures	18,058	(66,254)	-	(266)
Other financing sources:				
Operating transfers in	-	31,676	-	-
Net change in fund balances	18,058	(34,578)	-	(266)
Fund balances beginning of year	94,964	80,211	21,720	233,930
Fund balances end of year	\$ 113,022	45,633	21,720	233,664

Tama County Nature Center	Security Services	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Sheriff's DARE Monies	County Attorney's Forfeiture Fund	Drainage District	Total
2,460	32,636	-	-	-	-	-	62,772
-	-	3,836	-	-	-	-	3,836
9,015	-	411	-	-	-	-	32,742
7,086	-	-	-	-	2,230	-	9,316
18,561	32,636	4,247	-	-	2,230	-	108,666
-	104,573	-	-	-	1,000	-	124,873
6,698	-	-	-	-	-	-	6,698
-	-	172	-	-	-	-	681
-	-	-	-	-	-	-	17,762
-	-	-	-	-	-	-	61,883
6,698	104,573	172	-	-	1,000	-	211,897
11,863	(71,937)	4,075	-	-	1,230	-	(103,231)
171	-	-	-	-	-	-	31,847
12,034	(71,937)	4,075	-	-	1,230	-	(71,384)
88,820	139,020	40,334	12,351	4,204	2,267	859	718,680
100,854	67,083	44,409	12,351	4,204	3,497	859	647,296

Tama County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2007

	County Offices		Agricultural		
	County Recorder	County Sheriff	Extension Education	County Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	2,735	347,526	191,822
Other County officials	6,791	4,983	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	309	683	21,497
Succeeding year	-	-	144,999	302,960	9,083,937
Accounts	2,548	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 9,339	4,983	148,043	651,169	9,297,256
Liabilities					
Accounts payable	\$ -	-	-	60,983	-
Salaries and benefits payable	-	-	-	1,345	-
Due to other governments	9,339	24	148,043	575,693	9,297,256
Trusts payable	-	4,959	-	-	-
Compensated absences	-	-	-	13,148	-
Total liabilities	\$ 9,339	4,983	148,043	651,169	9,297,256

Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment	Emergency Management Services	E-911
14,732	83,832	4,804	571	300,791	139,754	182,985	135,424
-	-	-	-	-	-	-	-
1,667	18,900	210	-	-	-	-	-
1,024,802	3,285,217	255,147	-	-	-	-	-
-	-	-	-	-	-	-	23,319
-	-	-	-	-	-	9,207	-
1,041,201	3,387,949	260,161	571	300,791	139,754	192,192	158,743
-	-	-	-	-	59,405	655	6,921
-	-	-	-	-	-	4,467	-
1,041,201	3,387,949	260,161	571	300,791	80,349	179,935	151,822
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,135	-
1,041,201	3,387,949	260,161	571	300,791	139,754	192,192	158,743

Schedule 3

Tama County  
Combining Schedule of Fiduciary Assets and Liabilities (Continued)  
Agency Funds  
June 30, 2007

	Economic Development	Sanitary Landfill	Third Party Payees	Other	Total
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ 20,267	30,294	63,565	130,001	1,649,103
Other County officials	-	-	-	-	11,774
Receivables:					
Property tax:					
Delinquent	-	-	-	7	43,273
Succeeding year	-	-	-	11,028	14,108,090
Accounts	-	23,996	-	-	49,863
Due from other governments	2,000	182,423	-	-	193,630
<b>Total assets</b>	<b>\$ 22,267</b>	<b>236,713</b>	<b>63,565</b>	<b>141,036</b>	<b>16,055,733</b>
<b>Liabilities</b>					
Accounts payable	\$ 251	231,306	-	-	359,521
Salaries and benefits payable	490	1,766	-	-	8,068
Due to other governments	20,188	-	-	141,036	15,594,358
Trusts payable	-	-	63,565	-	68,524
Compensated absences	1,338	3,641	-	-	25,262
<b>Total liabilities</b>	<b>\$ 22,267</b>	<b>236,713</b>	<b>63,565</b>	<b>141,036</b>	<b>16,055,733</b>

Tama County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2007

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ -	9,628	4,213	133,684
Additions:				
Property and other county tax	-	-	-	137,359
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	7,567
Interest	-	-	-	-
Office fees and collections	2,986	317,990	308,483	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	147,953	-
Reimbursements from other governments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	2,986	317,990	456,436	144,926
Deductions:				
Agency remittances:				
To other funds	2,986	133,379	304,587	-
To other governments	-	184,900	7,327	130,567
Trusts paid out	-	-	143,752	-
Total deductions	2,986	318,279	455,666	130,567
Balances end of year	\$ -	9,339	4,983	148,043

County Assessor	Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empower- ment
623,508	8,839,113	730,049	3,375,097	263,835	4,842	323,816	102,045
286,029	8,905,785	977,905	3,307,699	240,030	-	-	-
-	-	-	-	-	-	-	-
16,757	522,914	40,981	185,197	15,303	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,751,031	-
-	-	-	-	-	26,760	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,006	-	-	-	-	-	-	377,042
303,792	9,428,699	1,018,886	3,492,896	255,333	26,760	3,751,031	377,042
-	-	-	-	-	-	160,484	-
276,131	8,970,556	707,734	3,480,044	259,007	31,031	3,613,572	339,333
-	-	-	-	-	-	-	-
276,131	8,970,556	707,734	3,480,044	259,007	31,031	3,774,056	339,333
651,169	9,297,256	1,041,201	3,387,949	260,161	571	300,791	139,754



Tama County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds (Continued)  
Year Ended June 30, 2007

	Emergency Management Services	E-911	Economic Development	Sanitary Landfill
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 155,344	140,767	24,289	53,163
Additions:				
Property and other county tax	-	-	-	-
E-911 surcharge	-	148,114	-	-
State tax credits	-	-	-	-
Interest	-	5,243	-	-
Office fees and collections	-	-	-	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Reimbursements from other governments	527,621	-	107,752	-
Miscellaneous	4,861	-	13,231	464,999
Total additions	532,482	153,357	120,983	464,999
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	495,634	135,381	123,005	281,449
Trusts paid out	-	-	-	-
Total deductions	495,634	135,381	123,005	281,449
Balances end of year	\$ 192,192	158,743	22,267	236,713

Third Party Payees	Other	Total
33,804	46,650	14,863,847
-	24,228	13,879,035
-	-	148,114
-	666	789,385
-	-	5,243
-	3,897	633,356
-	-	3,751,031
-	-	26,760
263,499	394,492	805,944
-	5,399	640,772
-	-	861,139
263,499	428,682	21,540,779
-	-	601,436
-	35,258	19,070,929
233,738	299,038	676,528
233,738	334,296	20,348,893
63,565	141,036	16,055,733

Tama County  
Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds  
For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Property and other county tax	\$ 6,779,700	6,639,233	6,302,697	5,931,794
Interest and penalty on property tax	66,062	63,803	110,698	53,806
Intergovernmental	6,754,711	6,442,517	6,258,963	6,194,220
Licenses and permits	13,515	14,408	10,841	13,645
Charges for service	498,324	522,452	576,931	542,154
Use of money and property	300,347	213,015	118,865	94,480
Miscellaneous	48,739	58,830	109,005	55,017
Total	<u>\$ 14,461,398</u>	<u>13,954,258</u>	<u>13,488,000</u>	<u>12,885,116</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,531,566	2,480,455	2,449,550	2,202,911
Physical health and social services	1,202,218	1,121,910	1,119,516	1,102,767
Mental health	1,694,136	2,387,504	1,737,404	1,697,265
County environment and education	825,251	579,237	779,924	471,499
Roads and transportation	5,889,960	5,197,434	5,629,714	5,690,051
Governmental services to residents	429,841	533,397	441,282	394,182
Administration	1,171,989	1,107,117	1,043,037	1,060,873
Non-program	181	827	198	973
Capital projects	641,249	321,022	317,057	88,333
Total	<u>\$ 14,386,391</u>	<u>13,728,903</u>	<u>13,517,682</u>	<u>12,708,854</u>

Tama County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

Schedule 6

Grantor/Program	CFDA Agency or Pass- Number through Number	Program Expenditures
Indirect:		
U.S. Department of Agriculture:		
Iowa Department of Human Services:		
Human Services Administrative Reimbursements:		
State Administrative Matching Grants for Food Stamp Program		
	10.561	\$ 10,833
Iowa Department of Health:		
Mid-Iowa Community Action:		
Special Supplemental Nutrition Program for Women, Infants, and Children		
	10.557	3,994
U.S. Department of Justice:		
Iowa Department of Justice:		
Governor's Office of Drug Control Policy:		
Edward Byrne Memorial Formula Grant Program		
	16.579 03C-1514	35,775
U. S. Department of Health and Human Services:		
Iowa Department of Human Services:		
Human Services Administrative Reimbursement:		
Temporary Assistance for Needy Families		
	93.558	14,662
Child Care Mandatory and Matching Funds of the		
Child Care and Development Fund		
	93.596	3,228
Foster Care-Title IV-E		
	93.658	8,109
Adoption Assistance		
	93.659	1,636
Medical Assistance Program		
	93.778	19,110
State Children's Insurance Program		
	93.767	97
Refugee and Entrant Assistance-State Administered Programs		
	93.566	26
Child Care and Development Block Grant		
	93.575	5
Social Services Block Grant		
	93.667	9,638
Social Services Block Grant		
	93.667	78,417
		88,055
Iowa Department of Public Health:		
Centers for Disease Control and Prevention Investigations and Technical Assistance		
	93.283 5885BT01	34,749
Mid-Iowa Community Action:		
Maternal and Child Health Services Block Grant to the States		
	93.994	25,527
Head Start		
	93.600	1,865

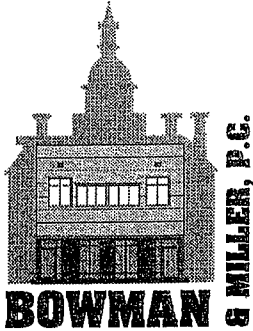
See accompanying independent auditors' report.

Tama County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

Schedule 6

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Grinnell Regional Medical Center: Immunization Grants	93.268		4,498
Iowa Department of Education: Temporary Assistance for Needy Families	93.558		34,819
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	05-CF-034	213,797
Home Investment Partnerships Program	14.239	06-HM-133-69	320,412
U.S. Department of Homeland Security: Iowa Department of Public Defense: Iowa Homeland Security and Emergency Management Division: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		50,268
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	BROS-CO86 (61)-8J-86	211,494
Total			\$ 1,082,959

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Tama County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated November 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tama County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Tama County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tama County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Tama County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Tama County's financial statements that is more than inconsequential will not be prevented or detected by Tama County's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Tama County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we believe item II-A-07 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tama County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

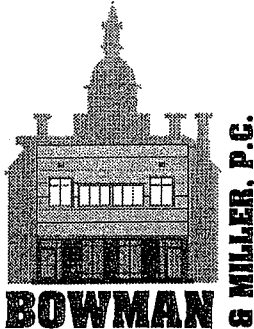
Tama County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the county's responses, we did not audit Tama County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Tama County and other parties to whom Tama County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Tama County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bowman and Miller. P.C.*

November 30, 2007



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Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Tama County:

Compliance

We have audited the compliance of Tama County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Tama County's major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Tama County's management. Our responsibility is to express an opinion on Tama County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tama County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Tama County's compliance with those requirements.

In our opinion, Tama County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Tama County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Tama County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tama County's internal control over compliance.



A control deficiency in Tama County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Tama County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Tama County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Tama County and other parties to whom Tama County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Bowman and Miller, P.C.*

November 30, 2007

Tama County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

**Part I: Summary of the Independent Auditors' Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 14.239 – HOME Investment Partnerships Program
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 93.677 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Tama County did not qualify as a low-risk auditee.

Tama County  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

II-A-07 Segregation of Duties – During our review of the internal control structure, the existing control procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

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Applicable  
Offices

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Treasurer,  
Recorder

(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

Treasurer,  
Recorder,  
Sheriff

(3) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.

Treasurer,  
Recorder,  
Sheriff

Recommendation - We realize that with a limited number of office employees segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Tama County  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

**REPORTABLE CONDITIONS (continued):**

Response – Each office will be reminded to segregate duties to practically accomplish internal controls.

Conclusion – Response accepted.

- II-B-07 Proper Documentation of Claims – Claims for mileage and travel expenses approved by the Board of Supervisors were not properly documented. The claims should indicate the place of departure, destination or destination, if more than one and the reason for the trip to clearly show the basis of the claim. Chapter 331.504(8) of the Code of Iowa states in part: “claims, before being audited or paid, shall be itemized to clearly show the basis of the claim.”

Recommendation – The Board should insure that claims are sufficiently itemized and that proper documentation accompanies all claims before they are audited or paid.

Response – Documentation will be required for all claims in the future.

Conclusion – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCE OF NON-COMPLIANCE:**

No matters were reported.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will continue to monitor the budget and appropriations more closely in the future.

Conclusion – Response accepted.

Tama County  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

IV-B-07 Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-07 Business Transactions – The following business transactions between the County and County officials or employees were noted.

Name, Title, and Business Connection	Transaction Description	Amount
Rick Raymond, Secondary Road Employee Owner, Raymond's Wash and Stow	Vehicle Maintenance	<u>\$113</u>
Deb Kupka, Tama County Recorder	Cookies for Election Workers	<u>\$109</u>

In Accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the County employees do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

IV-E-07 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to insure that the coverage is adequate for current operations.

IV-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policies were noted.

IV-H-07 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-07 Financial Condition – The Mental Health Fund had a deficit balances at June 30, 2007 of \$286,021.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Tama County  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

Response – The deficit in the Mental Health Fund is due to the Supported Employment Program. The board and the CPC Coordinator have reviewed this matter and are working on budget cuts and other revenue sources to return it to a positive balance.

Conclusion – Response accepted.

IV-J-07 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

Tama County  
Audit Staff

This audit was performed by:

Bowman and Miller, P.C.  
Certified Public Accountants  
Marshalltown, Iowa

Personnel:

Elizabeth A. Miller, CPA, Principal

Lori H. Stansberry, CPA, Staff